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Exporter Guide

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Report Highlights:

The Ghanaian market continues to offer many opportunities for U.S. exporters of high-value food products (HVP) and is key access point for entry into the larger West African region market. Demand for these products is expanding rapidly in Ghana but the U.S. share is currently low (five percent). This report presents background information and tips for exporters interested in entering this market.

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SECTION I. Market Overview

The Ghanaian market has strong potential for expanded sales of U.S. high-value consumer-ready food products. Ghana has a population of 20 million, which is growing at approximately 3 percent per annum. Additionally, the country is projected by the Government of Ghana (GOG) to be a gateway to West Africa, and thus offers U.S. exporters an entry point in order to access the huge West African market, which includes about 250 million people.

Retail food sales in Ghana for CY 2006 were estimated at approximately \$1.2 billion, with the breakout as follows:

Type of Food product	%	\$Million
Imported high-value food products (HVP)	32	384
Partly processed and packaged in Ghana	8	96
Totally processed in Ghana	15	180
Locally produced foodstuffs, including fresh fruits and vegetables, meat and fish	45	540
Total	100	1200

Source: Industry Sources (Importers), Ministry of Trade

- Out of total food and agricultural imports into Ghana, 32 percent (\$384 million) were high-value food products (HVP), according to industry sources. This represents an increase of 20 percent from 2005 to 2006, and even higher growth rates are projected for 2007 and subsequent years. This strong growth is because of a number of factors including:
 1. A growing population
 2. Rising income levels due to an expanding private sector
 3. A relatively large and growing expatriate community
 4. An expanding middle class where both parents work outside the home
 5. A trend towards more eating outside the home, especially during lunch hours and weekends
 6. A rapidly growing tourism sector (including a greater number of hotels and fast food restaurants)
 7. Increased rural to urban migration
 8. Lower tariffs and more relaxed customs policies
- Imports from the European Union, Asia, and South Africa currently dominate the HVP market in Ghana. Although the U.S. share of HVP market in Ghana is growing, it still remains small (5 percent).
- As a gateway to West Africa, Ghana is an access point where imported HVP could be re-exported into other nearby markets.
- U.S. food exporters interested in doing business in Ghana can contact FAS Accra for additional information.

Advantages and Challenges

Advantages	Disadvantages
Ghana's population of 20 million is growing at an annual rate of 3 percent per annum.	The average per capita income in Ghana is low at an estimated \$300.
Increasing rural to urban migration is raising demand for HVP.	The monthly minimum wage in Ghana is just \$ 30.
Ghana has an active and entrepreneurial middle class and a fast growing private sector.	Some Ghanaian importers complain that U.S. exporters are not as responsive to importer requests regarding price quotations, packaging and documentation as their EU and Asian competitors.
Ghanaian consumers perceive U.S. HVP as being of high-quality standards.	Freight costs for products shipped from the United States are higher than those from the EU, Asia or South Africa.
Ghanaian consumers readily accept snacks and convenience-type foods from the United States and demand for these products is growing.	U.S. HVP are not readily available in Ghana, while HVP from EU, South Africa, and Asia are in greater supply.
Ghanaian consumers are frequenting more supermarkets and convenience stores in order to save time and because of greater cleanliness and orderliness.	Lack of direct U.S. to West Africa shipping routes results in transshipments through Europe, which add costs, longer shipping times and sometimes results in losses of some goods.
The Government of Ghana (GOG), in line with its WTO obligations, has liberalized trade.	The tropical climate is not conducive to displaying many imported food products in the traditional open markets which remain prevalent in Ghana.
Increasing female workers and children attending schools is also boosting demand. Also the size of the middle and high-income class is expanding.	Most retail food outlets in Ghana are family owned and lack the expertise and capital needed to modernize and expand to meet the demands of the increasing retail market in Ghana.
U.S. grocery items entering Ghana can be re-exported to neighboring West African countries (a market of 250 million).	Some U.S. firms view the Ghanaian market as too small a market to enter and few freight consolidators in the United States are willing to meet ordering and shipping requirements of Ghanaian importers.
Ghana will continue to import HVP items as most are not produced domestically.	The infrastructure for processing, storage and distribution of HVP and other

Ghana's domestic food processing capacity is still under-developed and limited.	perishable products is limited in Ghana.
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Section II. Exporter Business Tips

- Ghanaian importers prefer high-value consumer-ready products with the following characteristics:
 1. Relatively small-sized products prepared and packaged for one-time use.
 2. Bulk, intermediate products and ingredients that can easily be re-packaged in Ghana without additional production costs.
 3. Perishable food products processed and packaged for long shelf-life, and not requiring much refrigeration.
 4. Mixed containers of high-value products and brands.

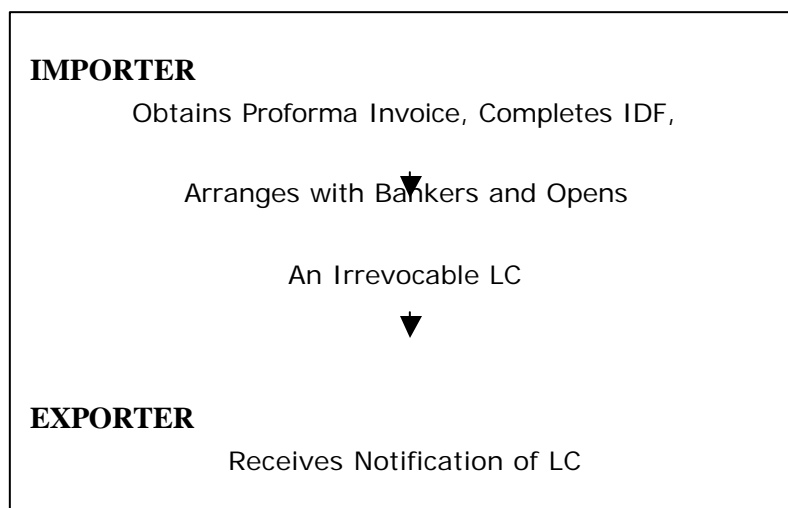
- All HVP must be registered with the Food and Drugs Board (FDB), Ghana, prior to being exported to Ghana. The FDB is the GOG regulatory body for food product manufacturing, importation, advertisement and distribution in Ghana. In order to register a product for export:
 1. The manufacturer/exporter must apply for registration of the product.
 2. Although not mandatory, a Ghanaian agent with a registered company or business with the capacity to affect a product recall if necessary may represent the exporter.
 3. The FDB then regards the local agent/importer to be acting as a representative of the foreign manufacturer.
 4. The local agent/representative coordinates all the registration processes for the imported food products with FDB
 5. A FDB registration fee for vetting, processing and documenting imported food products must be paid. This fee for 2007 is 300 New Ghana cedis (\$326), up from just 54 New Ghana Cedi (\$60) in 2004.
 6. In addition to registering a product, the importer also must also be registered with the FDB for a fee of 100 New Ghana cedis (\$109), renewable on a yearly basis.
 7. A product inspection fee for each import must be paid to ensure the products meets the necessary requirements. This fee is currently 50 New Ghana cedis (\$54).

- For more details please, see FAIRS Report No: GH7002 (Section VI Import regulations).

- The GOG agent for the collection of import duties is the Customs, Excise and Preventive Service (CEPS). The standard rate of duty for HVP food products is 20% of the C&F value. In addition:
 1. All HVP imports are assessed at 12.5% Value Added Tax (VAT).
 2. National Health Insurance Levy (NHIL) of 2.5% to be collected by the VAT Secretariat.
 3. Export Development and Investment Fund Levy (EDIF) of 0.5%.
 4. ECOWAS Levy of 0.5%.
 5. Ghana Customs Network (GCNET) of 0.4%

6. A general exemption from payment on the import duty can be granted on items such as ingredients for the manufacture of poultry feeds, if certified as such by the Ministry of Food and Agriculture.
- Goods exported to Ghana are now subjected to **Destination Inspection** at the port of entry in Ghana, and as of April 2000, HVP exported to Ghana are no longer subjected to Pre-shipment inspection (PSI).
 1. The Gateway Services Ltd (GSL), a joint venture between the Ghana Harbors Authority and CEPS, is responsible for inspecting goods arriving at the Ghana seaport.
 2. The Ghana Standards Board and Bureau Veritas of France (GSBV), are responsible for inspect goods arriving into Ghana by air.
 3. The importer pays an inspection fee of 1% of the C&F value to the inspection agency.
 4. For fast clearance of imported goods from the ports and other entry points, importers in Ghana are required to submit to the appropriate inspection agency (GSL or GSBV) Import Declaration Forms (IDF), Proforma Invoice and Supplementary Information Documents **twenty-two** days prior to the arrival of the goods.
 5. Importers are also to submit the Final Invoice, Bill of Lading and the Packing List **ten days** prior to the arrival of the goods. The early submission of these documents can help expedite the clearance of the imported goods.
 6. The Gateway Services Ltd has installed a container Mobile X-Ray Scanning machine at the Tema port in order to facilitate trade and provide efficient verification of imports. This will reduce the dwell time of containers at the ports, thereby making the ports in Ghana less expensive.
 - The documentation procedures for all imports is as follows:

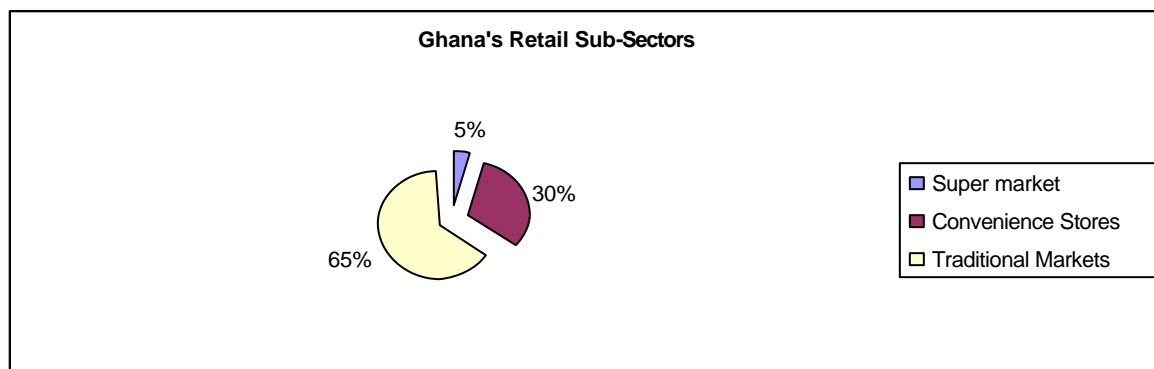
Flow Chart: Import Documentation Procedures



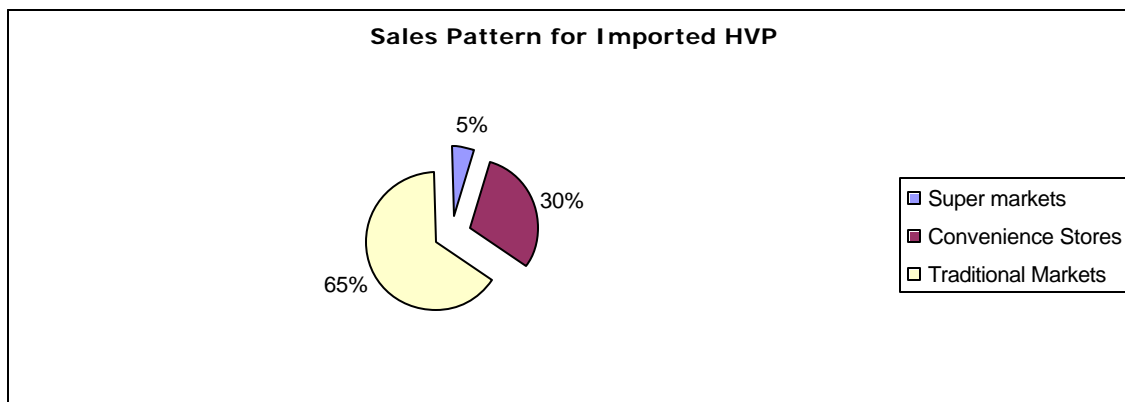
1. The Importer obtains Proforma Invoice (attested), completes the Import Declaration forms (IDF), obtains an Insurance Policy on the goods and contacts and applies for an irrevocable Letters of Credit (LC) with the local bank.
 2. The Exporter receives notification of the LC, ships the cargo and sends the Bill of Lading/Airway Bill to the Importer.
 3. The Importer arranges for Destination Inspection with the Gateway Services Ltd (GSL) for goods by air or Ghana Standards Board and Bureau Veritas (GSBV) for goods by sea. The importer collects the approved Final Valuation Report (FCVR), completes clearing the Single Administrative Document (SAD) with Customs, Excise and Preventive Service (CEPS), and pays to CEPS the total duties and taxes on the CIF value of the goods. The importer ensures clearance by the Foods and Drugs Board (FDB), the Ghana Narcotic Board (NCD), Veterinary Services (VET), and other agencies stationed at the ports.
- Opening of Letters of Credit (LC) in Ghana is often time consuming and expensive.
 1. Most Ghanaian importers utilize inter-bank wire transfers for payment of imported food items.
 2. The exporter ships the items to the importer upon receipt of his bank transfer payments.
 3. To issue an LC, the banks may ask for 100% collateral from the importer, thereby making the use of LCs very expensive.
 - Despite rules and regulations for importing HVP, and restrictions on certain products:
 1. Some importers and distributors of HVP in Ghana often purchase products that have been smuggled into Ghana from neighboring countries. As a result some goods that are legally prohibited from entering Ghana are often seen on the Ghanaian market.
 2. Some importers also manipulate documentation (under invoicing) to reduce or avoid the payment of duty to GOG.

Section III. Market Sector Structure and trends

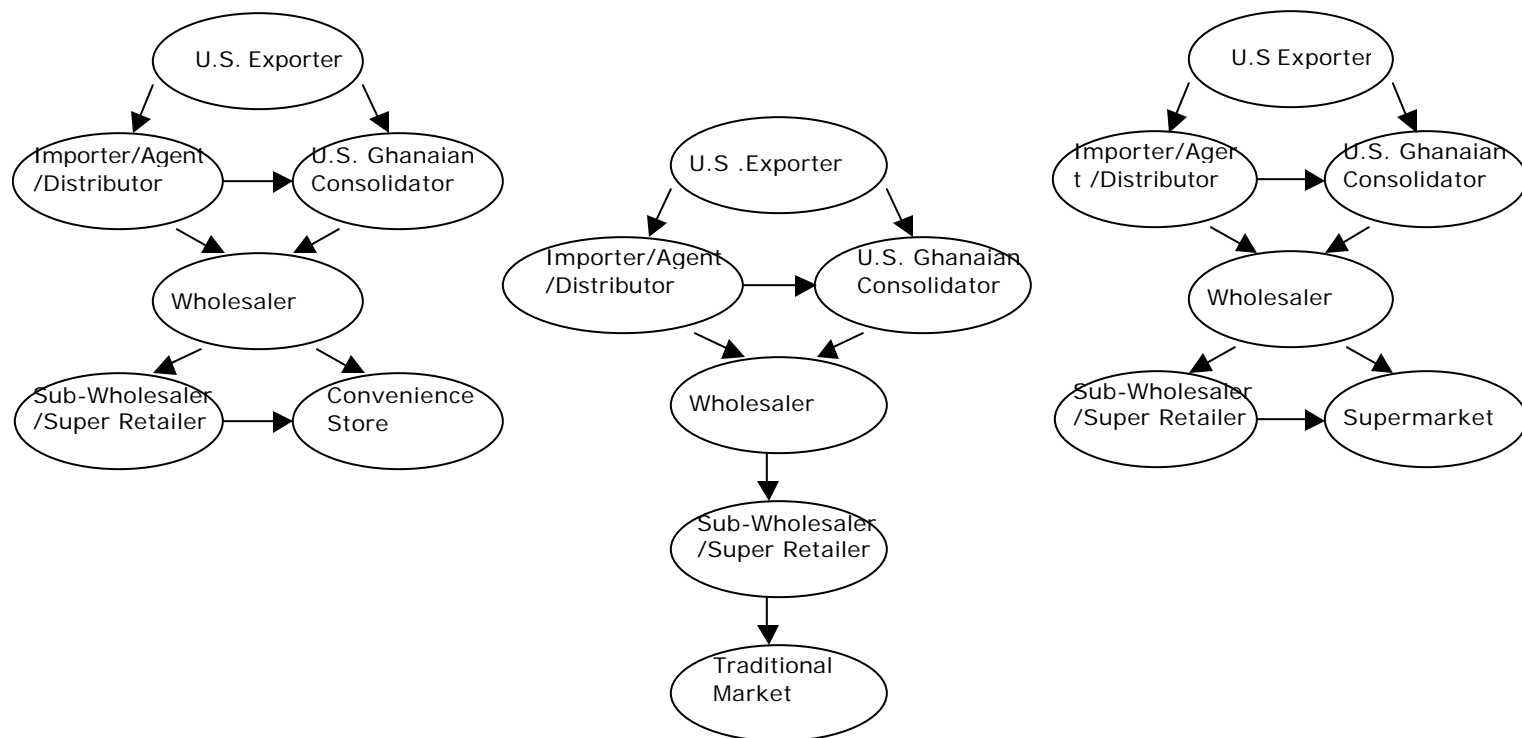
- The retail food sector in Ghana consists of three main sub-sectors
 - Super Markets
 - Convenience stores and small groceries
 - Traditional open-air markets
- These account for approximately 5, 30 and 65 percent respectively, of the total retail food sector.



- Industry estimates that retail sales of imported high-value food products follow a similar pattern and Super Markets account for 5 percent, Convenience Stores/groceries, 30 percent, and Traditional Markets make up the largest section with 65 percent.

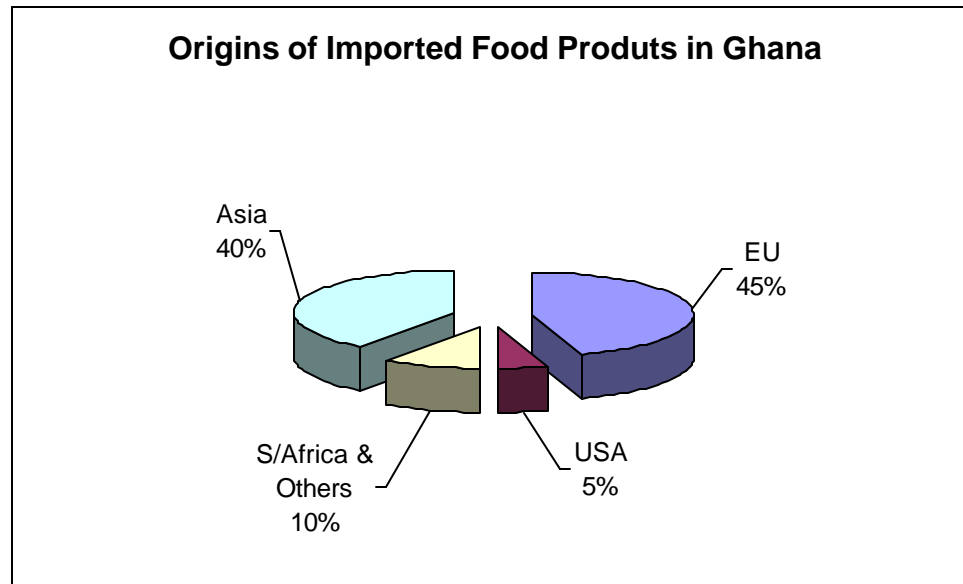


- The major players in Ghana for merchandising imported HVP are:
 - Importers/Distributors
 - Agents/Sole Representatives
 - Wholesalers
 - Sub-Wholesalers/Supermarket Retailers
 - Retailers
- The following illustrates the inter-relationship between these players in merchandising imported HVP in Ghana.



- New hotels, restaurants, fast food joints and food catering services are springing up in Accra (Capital) and other regional urban centers (notably Kumasi, Takoradi, Tema). These represent small but growing outlets for consumption of imported HVP products and present more opportunity for sales of U.S. intermediate foods and ingredients.
- Good market potential in the hotels and resorts, restaurants, and institutional contracts (HRI) sector exist due to:
 1. Increased tourism from the United States and other countries.
 2. The expanding Ghanaian middle class, senior executives and other professionals frequently meet their business partners and contacts in hotels and restaurants.
 3. A growing number of restaurants in Ghana are offering food products and services tailored to the tastes and preferences of their patrons.
 4. An increasing number of caterers are offering mobile food services in homes, offices, schools and social gatherings.
 5. Many Ghanaians, returning home after spending extended amounts of time overseas have acquired tastes and preferences for HVP, and are thus demanding more of these products.
 6. The most suitable cities in Ghana for focusing efforts to the HRI sector are Accra, Kumasi, Tema and Takoradi.
- Domestic food processing capacity is under-developed in Ghana.
 1. Capacity utilization within this sector averages not more than 15 percent.
 2. Locally produced HVP are mostly lower quality items and do not meet the requirements of growing and more sophisticated Ghanaian consumers.
 3. Poor infrastructure has impeded the growth of the domestic food processing sector in Ghana.

- The origin and supply of imported consumer-ready food products is as follows: United States 5 percent, Asia 40 percent, EU 45 percent, South Africa/Others 10 percent.



- The low U.S. market share is attributed to the following reasons:
 1. Higher freight costs from the U.S. to Ghana make non-US food products more price competitive in Ghana
 2. Some U.S. exporters regard the Ghanaian market as too small or unattractive to warrant much spending on marketing or the time involved to introduce new products.
- Importers (small scale) from Ghana are often secretive and protective of their activities and therefore reluctant to team with other small importers to purchase goods collectively. They thus incur higher operational costs, which often make imports from the United States unattractive to the Ghanaian small-scale operator.
- Ghanaian importers:
 1. Seek exclusive distribution agreements from exporters.
 2. Prefer purchasing mixed containers of HVP.
 3. Want to minimize shipping costs, and therefore seek the services of the freight consolidators in the United States to handle their ordering and shipment needs.
 4. Anticipate that their foreign suppliers will meet their desire to under-invoice their imports in order to reduce import duty payments.

- New-to-market exporters from the United States should consider the following market entry strategies and tactics:
 1. Contact the Agricultural Attaché/Agricultural Specialist, US Embassy, Accra, Ghana, for assistance in selecting a local agent/distributor.
 2. Appoint a local agent/distributor in Ghana to register their products with the appropriate GOG regulatory bodies, to introduce their products to the market, and to develop consumer demand.
 3. Identify and sell through consolidators based in the United States who are already serving the West African region.
 4. Exhibit at trade shows in the United States, especially at the FMI Food/Supermarket Show in Chicago, Illinois, which is attended by Ghanaian importers. This will also make follow-up contacts easier.
 5. Offer food product shipments in mixed lot containers.
 6. Offer flexible shipping volumes.
 7. Support activities for in-store, and point-of-sale promotions in numerous small-sized outlets.
 8. Adopt a pricing strategy, which encourages importers to initiate buying activities with U.S. suppliers.
 9. Send sample products and sales catalogs to prospective local buyers.
 10. Contact the Embassy of the United States of America, Accra, Ghana, to locate the services of an attorney to deal with any legal matter that may arise.

Section IV. Best High-Value Product Prospects

- The following are the HVP products with the best prospects and most sales potential in the Ghanaian market:
 1. Frozen poultry and fish products
 2. Fruit preparations and juices
 3. Canned fruits and vegetables
 4. Tomato puree/ketchup
 5. Bottled vegetable cooking oil
 6. Milk (liquid milk, skimmed and whole powdered milk)
 7. Spices and sauces including soy sauce
 8. Mixed seasoning
 9. Condiments
 10. Breakfast cereals
 11. Margarine/butter
 12. Pasta products
 13. Snack foods (biscuits, cakes etc)
 14. Confectionery products (candies, gums etc)
 15. Ice cream and yoghurt concentrates
 16. Spirits, liqueurs
 17. Beers and Wines
 18. Non-alcoholic beverages (Tea, coffee, fruit drink)
 19. Bakery and other food ingredients (yeast & baking powder)
 20. Mayonnaise and salad dressing
 21. Baby foods
 22. Canned soups/powdered soups
 23. Health food products

Section V. Post Contact and Further Information

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Other Relevant Reports:

Report Number GH7001, Ghana Trade Policy Monitoring Annual 2007
<http://www.fas.usda.gov/gainfiles/200703/146280481.pdf>

Report Number GH6004, Ghana FAIRS Annual 2006
<http://www.fas.usda.gov/gainfiles/200608/146208769.pdf>

EXPORTER GUIDE
APPENDIX I. STATISTICS

Table A. KEY TRADE AND DEMOGRAPHIC INFORMATION

Agricultural Imports from All Countries (\$Million)/US Market Share (%) *1	1000/15
Consumer Food Imports From All Countries (\$Million)/US Market Share (%) *1	384/5
Edible Fishery Imports From All Countries (\$Million)/US Market Share (%) *1	N/A
Total Population (Million) /Annual Growth Rate (%)	20/3
Urban Population (Mil)/ Annual growth Rate (%)	6.65/3.0
Number of Major Metropolitan Areas *2	4
Size of the Middle Class (Millions)/ Annual Growth Rate (%) *3	3.5/2
Per Capita Gross Domestic Product (US Dollars)	300
Unemployment Rate (%)	20
Per Capita Food Expenditure (US Dollars)	195
Percent of Female Population Employed *4	3.3
Exchange Rate (US\$ 1=0.925 New Ghana cedis (local currency)	0.925

Footnotes

*1/Ministry of Food and Agriculture/Ministry of Trade and Industry, Ghana

*2/Population in excess of 1,000,000

*3/Middle Class is the proportion of the Population earning an average annual income of \$600 to \$2000

*4/Per cent against total number of women (15 years old or above)

*5/Note, if necessary, any significant exchange rate movements since the previous year.

NOTE: This report does not include tables B and C since the FAS web-enabled UN TRADE Database does not contain statistics for Ghana.